

EXHIBIT 4

**** CONFIDENTIAL ****

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In Re:

BERNARD L. MADOFF INVESTMENT
SECURITIES LLC,

Adv.Pro.No.
08-01789 (BRL)

Debtor.

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IRVING H. PICARD, Trustee for the
Liquidation of Bernard L. Madoff
Investment Securities LLC,

Plaintiff,

Adv.Pro.No.
09-1182 (BRL)

v.

J. EZRA MERKIN, GABRIEL CAPITAL,
L.P., ARIEL FUND LTD., ASCOT
PARTNERS, L.P., GABRIEL CAPITAL
CORPORATION,

Defendants.

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VIDEOTAPED DEPOSITION of JOEL
EHRENKRANZ, as taken by and before Monique Vouthouris,
Certified Court Reporter, RPR, CRR and Notary Public
of the States of New York and New Jersey, at the
offices of BAKER HOSTETLER, 45 Rockefeller Plaza, New
York, New York, on Thursday, March 20, 2014,
commencing at 10:07 a.m.

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<p>1 A. Absolutely.</p> <p>2 Q. To your knowledge, did Mr. Merkin ever</p> <p>3 provide a similar investment summary for your</p> <p>4 investments with his funds?</p> <p>5 A. No.</p> <p>6 Q. At the time that you were investing</p> <p>7 with his funds, did you believe that you had full</p> <p>8 transparency to those funds' investments?</p> <p>9 A. When you said these, would you</p> <p>10 please --</p> <p>11 Q. Sure. With Gabriel, Ariel and Ascot.</p> <p>12 A. So, repeating the question, if you</p> <p>13 would.</p> <p>14 Q. During the time periods when you were</p> <p>15 invested with those three funds, did you believe that</p> <p>16 you understood the full portfolio of the investments</p> <p>17 made by those funds?</p> <p>18 A. I can't answer whether I understood the</p> <p>19 full portfolio. I understood the strategies, or,</p> <p>20 rather, I was told the strategies and the percentage</p> <p>21 of the investments in each of the various classes.</p> <p>22 Q. And what was the source for that</p> <p>23 information?</p> <p>24 A. Ezra Merkin.</p> <p>25 MR. KITCHEN: We've been going about an</p>	<p>1 to be a good investor.</p> <p>2 Q. Did you have any understanding at that</p> <p>3 time of any relationship between Mr. Merkin and</p> <p>4 Mr. Madoff?</p> <p>5 A. I think Mr. Merkin referred to how he</p> <p>6 would speak with Mr. Madoff about where the markets</p> <p>7 were.</p> <p>8 Q. Did you have an understanding of</p> <p>9 whether Merkin and his funds were invested with</p> <p>10 Mr. Madoff at that time?</p> <p>11 A. No.</p> <p>12 Q. At the time of that meeting, did you</p> <p>13 have an understanding of BLMIS' investment strategy,</p> <p>14 or at least, looking back, its purported investment</p> <p>15 strategy?</p> <p>16 A. Yes, it was explained to me and I</p> <p>17 understood the idea of the strategy.</p> <p>18 Q. How was it explained to you?</p> <p>19 A. It was explained to me as a strategy I</p> <p>20 think which is currently called a covered call</p> <p>21 strategy, where Mr. Madoff would buy a stock, sell it,</p> <p>22 call against it and take those proceeds, buy a put,</p> <p>23 thereby protecting the downside.</p> <p>24 Q. And who explained that to you?</p> <p>25 A. Mr. Madoff.</p>
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<p>1 hour. This is a decent break point, if you would</p> <p>2 like, or I'm happy to continue.</p> <p>3 THE WITNESS: We can go on, if it's</p> <p>4 okay with everyone.</p> <p>5 BY MR. KITCHEN:</p> <p>6 Q. Mr. Ehrenkranz, do you know Bernard</p> <p>7 Madoff?</p> <p>8 A. Please tell me the word "know."</p> <p>9 Explain the word.</p> <p>10 Q. Sure. Have you ever met him?</p> <p>11 A. Yes, sir.</p> <p>12 Q. When did you meet him? When did you</p> <p>13 first meet him?</p> <p>14 A. I met him for the only time probably</p> <p>15 about 1991, '2.</p> <p>16 Q. And why did you meet him at that time?</p> <p>17 A. I met him at Ezra's suggestion to</p> <p>18 consider investing with him.</p> <p>19 Q. Were you considering investing with</p> <p>20 Mr. Madoff at that time?</p> <p>21 A. That is why I considered meeting him.</p> <p>22 Q. Do you recall anything said by</p> <p>23 Mr. Merkin at that time regarding Madoff?</p> <p>24 A. Other than the fact that he suggested</p> <p>25 that we meet with him because he considered Mr. Madoff</p>	<p>1 Q. Did Mr. Merkin ever provide you any</p> <p>2 information regarding BLMIS' investment strategy?</p> <p>3 A. No.</p> <p>4 Q. Did you ever have a personal</p> <p>5 relationship with Mr. Madoff?</p> <p>6 A. No.</p> <p>7 Q. Did anyone, to your knowledge, from</p> <p>8 Ehrenkranz have a personal relationship with him?</p> <p>9 A. My brother lives in the same building</p> <p>10 that he did, and other than seeing him in the</p> <p>11 elevator, no.</p> <p>12 Q. And, again, this is your brother</p> <p>13 Sanford. Is that right?</p> <p>14 A. Yes.</p> <p>15 Q. Okay.</p> <p>16 A. My only brother.</p> <p>17 Q. Okay. I appreciate that, that</p> <p>18 clarification.</p> <p>19 To your knowledge, did Sanford ever</p> <p>20 interact with Mr. Madoff socially?</p> <p>21 A. No. Although they both belonged to the</p> <p>22 same country club, which is the Palm Beach Country</p> <p>23 Club.</p> <p>24 Q. Do you know which -- is it Palm Beach,</p> <p>25 Florida?</p>

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<p>1 Q. Did he ever suggest that you invest</p> <p>2 with Mr. Madoff indirectly through Ascot?</p> <p>3 A. Yes.</p> <p>4 Q. When did he make that recommendation?</p> <p>5 A. I'm going to guess that was the year --</p> <p>6 I'm going to put it in '94.</p> <p>7 Q. And what did he say?</p> <p>8 A. He said that he was creating a fund to</p> <p>9 invest with Mr. Madoff and that he encouraged us to</p> <p>10 invest in that fund and that he would provide the</p> <p>11 independent verification that we found lacking in a</p> <p>12 satisfactory mode.</p> <p>13 Q. Did he explain how that independent</p> <p>14 verification would be done?</p> <p>15 A. He said he was going to have someone in</p> <p>16 his office go ahead and monitor the trades that were</p> <p>17 made by Mr. Madoff at the time he made them and have</p> <p>18 an accounting firm go ahead and monitor it also, give</p> <p>19 independent verification of it, a recognized</p> <p>20 accounting firm.</p> <p>21 Q. Do you recall who that firm was?</p> <p>22 A. I don't.</p> <p>23 Q. Do you recall if they had a</p> <p>24 relationship with Mr. Madoff, I'm sorry, with</p> <p>25 Mr. Merkin or his --</p>	<p>1 purportedly executed by Mr. Madoff?</p> <p>2 MR. STEINER: Objection to form.</p> <p>3 A. We did this on a leap of faith. A</p> <p>4 stronger word, we had some degree of caution, but</p> <p>5 accepted Ezra's strong statements that he could</p> <p>6 provide independent verification.</p> <p>7 Q. Did he ever provide such statements to</p> <p>8 you?</p> <p>9 A. No, but said he was doing it.</p> <p>10 Q. Did he give any more details as to how</p> <p>11 the verification was done?</p> <p>12 A. No -- yes. He said he had an employee</p> <p>13 in his office, and that when these slips came through</p> <p>14 and the very basic transactions as indicated occurred,</p> <p>15 that his person would check the stocks were bought and</p> <p>16 sold on the Exchange at around that time at around</p> <p>17 that price.</p> <p>18 Q. I believe you've already testified that</p> <p>19 the investment in Ascot was made by DAS.</p> <p>20 A. Yes.</p> <p>21 Q. Or at that point in time it was DIS.</p> <p>22 A. Yes.</p> <p>23 Q. How large was that investment?</p> <p>24 A. I don't remember. It was probably --</p> <p>25 it was not a large investment in terms of the</p>
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<p>1 A. I believe it was the same accounting</p> <p>2 firm that was the one that did the audit of Gabriel.</p> <p>3 Q. I'll represent to you that the auditor</p> <p>4 at that time period for Merkin's funds was BDO</p> <p>5 Seidman, or at least the successor that's now known as</p> <p>6 BDO Seidman. Does that refresh your recollection as</p> <p>7 to the name of the auditor?</p> <p>8 A. Not really, no.</p> <p>9 Q. Did you have a response to his proposal</p> <p>10 then?</p> <p>11 A. Our response ultimately was that we</p> <p>12 would make an investment.</p> <p>13 Q. Did you believe that his staff or</p> <p>14 perhaps his auditor was able to provide independent</p> <p>15 verification?</p> <p>16 A. We had sufficient confidence in Ezra</p> <p>17 because of his investing -- what we perceived to be</p> <p>18 his investing skills, that we believed that he would</p> <p>19 be able to overcome what was aware our skepticism and</p> <p>20 great concern about the verification of the trades</p> <p>21 since Mr. Madoff seemed to have a fabulous way to make</p> <p>22 money in all markets.</p> <p>23 Q. Do you recall ever expressing</p> <p>24 skepticism that Merkin's staff or Merkin's auditor</p> <p>25 would be able to independently verify the trades</p>	<p>1 respective size. I'm going to guess it was between 1</p> <p>2 and 2 percent position of that fund.</p> <p>3 Q. Would you consider that to be</p> <p>4 substantial?</p> <p>5 A. It's substantial in dollars, but not</p> <p>6 substantial in the sense of the allocation of the</p> <p>7 investments.</p> <p>8 Q. Did you have other managers that you</p> <p>9 allocated larger percentages to at that time?</p> <p>10 A. Probably every -- almost all other</p> <p>11 managers.</p> <p>12 Q. And correct me if I'm wrong, I believe</p> <p>13 you testified that DAS was also invested with Ariel</p> <p>14 and Gabriel --</p> <p>15 A. No. I think I said Gabriel.</p> <p>16 Q. -- at that time.</p> <p>17 A. Yes.</p> <p>18 Q. How did Mr. Merkin describe Ascot</p> <p>19 Partners' investment strategy to you?</p> <p>20 A. He proceeded to say he was giving the</p> <p>21 money to Mr. Madoff.</p> <p>22 Q. Did he explain what his role was with</p> <p>23 respect to Ascot?</p> <p>24 A. No.</p> <p>25 Q. Did you understand if he had any role</p>